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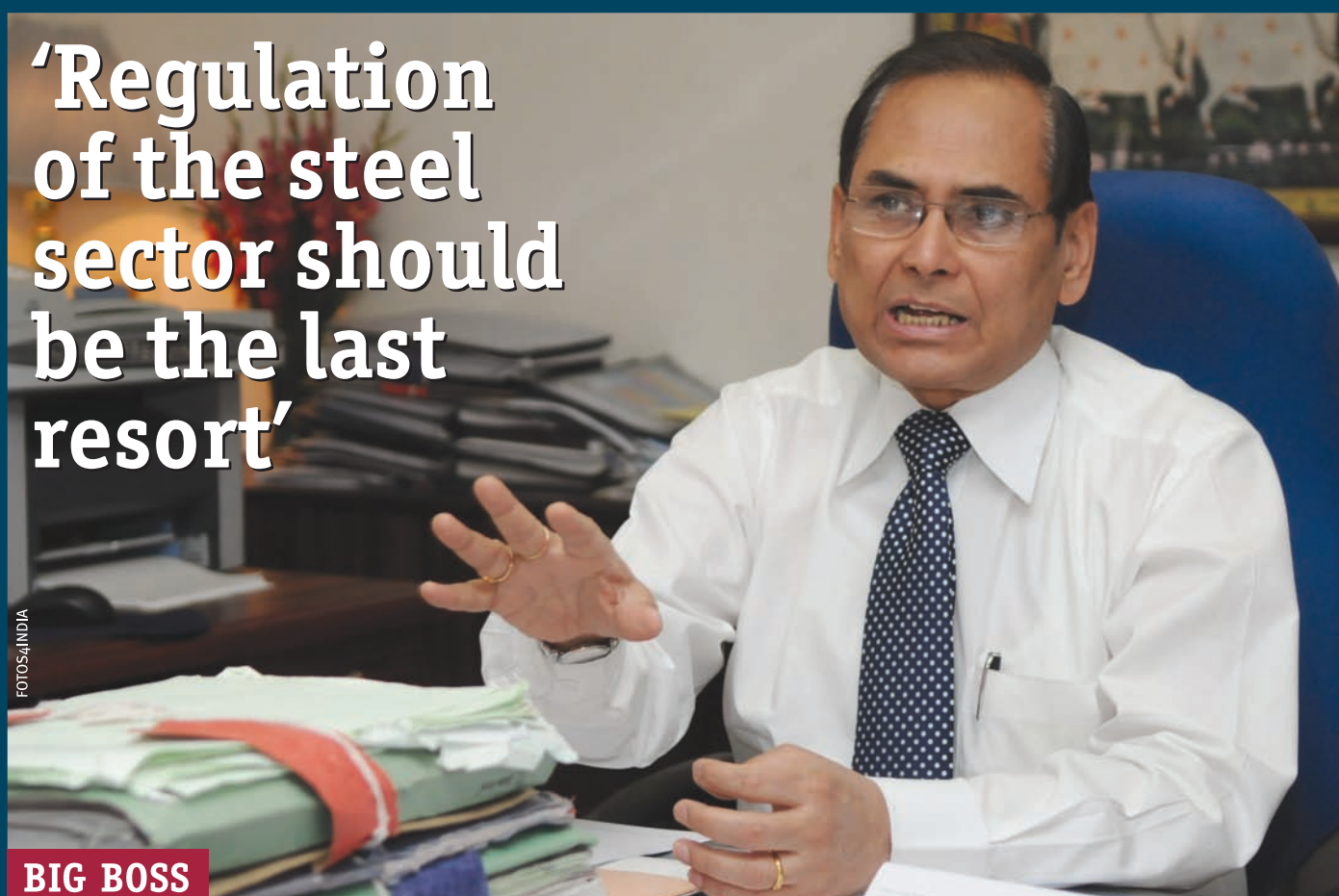
gfiles
INSIDE THE GOVERNMENT

'Regulation of the steel sector should be the last resort'



FOTOS4INDIA

BIG BOSS

secretary, steel | raghav sharan pandey |

interviewed by ANIL TYAGI

Raghav Sharan Pandey, belonging to the 1972 IAS batch from Nagaland, is from Champaran, Bihar. After securing the second position in the BSc exam from Patna University, he appeared for the IAS exam. His career began as a Sub-Divisional Magistrate in Tuensang, Nagaland in September 1974. Not only a thinker and visualizer, Pandey is equally a hardcore implementer of ideas. As Chief Secretary of Nagaland, he conceptualized, secured political approval, and implemented the "Imagine Nagaland" programme which promoted community participation in management. He won the nation's top civil service award – the Prime Minister's Award for Excellence in Public Administration for it in 2007.

The soft-spoken bureaucrat has served in the education and agriculture sectors. The Election Commission made him adviser to the Nagaland Governor to manage the recent elections in the state. Pandey has also authored books and articles. As Secretary for steel, he has transformed the Steel Ministry, launching the National Steel Promotion Campaign. His vision is to make India's steel sector the world's second largest producer of steel by 2015.

gfiles: *What is the present world steel scenario?*

Raghav Sharan Pandey: The consumption level of steel indicates whether a country is developed, developing or underdeveloped. For developed countries, the consumption benchmark is about 400 kg per capita per annum. In India, it is 46 kg per capita per annum. China has reached 250 kg, the US 400 kg, and Japan and Korea have touched 600 and 900 kg per capita per annum, respectively. Since we have the vision to become a developed nation, we should strive hard to increase the consumption of steel.

gfiles: *What do you mean by per capita consumption?*

RSP: It means the quantity of steel consumed in the country divided by its population.

gfiles: *What is the world's production level of steel?*

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BIG BOSS

RSP: At present, world production has crossed 1300 million tonnes annually out of which China's share is 36 per cent. India is the fifth largest steel-producing country. We produce 53 million tonnes of steel annually.

gfiles: *Natural resources like manganese, coking coal and iron are needed to produce steel. Are these resources being exploited judiciously?*

RSP: Natural resources are being exploited judiciously. But I want to emphasize that 30 per cent of global steel requirement is being covered by scrap. In India, it is about 12 per cent. China is upgrading low-quality iron ore to high quality before feeding the blast furnaces and we have to follow suit.

gfiles: *As per the study of the National Council of Applied Economic Research (NCAER), natural resources required to produce steel will completely deplete in the country in the next 20 years. What then?*

RSP: Yes, the study says over 62 iron ore resources will not be available after 20 years. We have to conserve the natural resources. We need to develop and adopt the techniques which can use lower-quality iron ore and convert it into high-quality iron ore for making steel.

gfiles: *In India, 35 per cent of our steel is produced by the public sector and 65 per cent by the private sector. Is the private sector milking the natural resources optimally?*

RSP: In the private sector, Tata Steel and, to an extent, JSW have captive ore mines. The rest depend on the market for iron ore requirements. For coking coal, to a limited extent, Tata Steel has captive mines. All buy coking coal from abroad.

gfiles: *What about the supply-demand gap in the country?*

RSP: Till last year, India was a net exporter of steel. This year, because of higher consumption growth than production, we have become a net importer. We have a gap of about 2 million tonnes approximately. We require 55 million tonnes as against our production of 53 million tonnes. The rate of growth of consumption is over 10 per cent as against 6 per cent growth rate in steel production. To bridge the gap of 4 per cent, we are importing 1.7 million tonnes more than we export to meet market demand.

gfiles: *Do you then consider this the reason for the price rise?*

RSP: Yes. The demand and supply gap along with the abnormal increase in international export prices in the last three months has led to the increase in prices. It has also forced us to import steel. World prices have rocketed. And steel producers charge the import parity price or, in different words, the "opportunity price". They argue that, owing to increase in cost of raw materials, the price hike is inevitable. However, the fact of the matter is that they have raised the price much more than the increase in cost of production. Because of increase in import prices, they have tried to maintain parity between import and local price and that has caused the recent price hike. This happened particularly during February and March 2008.

gfiles: *What is the motive behind the increase in steel prices by private producers?*

RSP: It's a free-market economy. We import and export steel to and from the free market. The natural motive is to maximize profit.

gfiles: *Steel is an essential commodity. How can you afford to be a silent spectator to the price rise?*

RSP: Steel was taken out from the essential commodities list last year. Since then, it is in the free market. Nobody is to be blamed in case the price is fixed on import parity basis. In my opinion, they should not have attributed increase in steel prices to the input prices. The industry should not take advantage of the shortage of steel due to supply-demand imbalance. Rather, it should take a long-term view which is positive.

gfiles: *All your Public Sector Undertakings (PSUs) like SAIL, Kudremukh, RINL produce steel. Have you done any study on the cost of the input, ie the raw material?*

RSP: We have. Take the case of Rashtriya Ispat Nigam Limited (RINL), the public

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'Demand-supply gap and abnormal increase in global export prices has led to the hike in prices. World prices have rocketed'

gfiles
INSIDE THE GOVERNMENT

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LETTERS: Shantha Sheela Nair has rightly said in her interview to *gfiles* that natural water bodies of the country have been grossly neglected. Her successful effort to solve the water crisis of Chennai by simply resorting to rain water harvesting should be an example for all other cities and, indeed, states to follow. Unfortunately, all the states are crying over the water crisis but none are

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From the Editor-in Chief

gfiles does not ordinarily endorse positions and viewpoints espoused by special interest groups or organizations. We do not like to jump on to anybody's bandwagon. But every once in a while we come across a reasoned, well-deliberated, and impartial stand on a burning issue of national importance. Then we salute and encourage the effort. One such laudable endeavour is the campaign mounted by the IC Centre for Governance for changes in the Gram Nyayalayas Bill. Since the Panchayati Raj and Right to Information laws, this is among the most radical initiatives taken by any government aimed at bringing a vital change in the lives of countless millions of India's rural masses. Its implementation would bring about a seminal advancement in better governance – the very theme that *gfiles* advocates as its cardinal act of editorial faith.

In short, the Bill aims to make justice more accessible to people in remote villages: Justice at the doorstep of people with a concomitant reduction in the workload of lower courts. This is a long-awaited step to fulfilling one of the aims of the Directive Principles of State Policy spelled out in Article 39 A of the Constitution: "The state shall ensure that the operation of the legal system promotes justice on the basis of equal opportunity and shall in particular provide free legal aid...."

The denial of justice to India's masses – overcrowded courts, interminable delays, prisons overflowing with "under-trials", unavailability of lawyers, shortage of courts, huge travel distance to district courts from villages yet unconnected by proper roads – has turned into a national epidemic. It is sapping the belief of ordinary people in the Indian state. The cliché "justice delayed is justice denied" has become a meaningless phrase even when uttered – as he has been doing repeatedly of late – by Prime Minister Manmohan Singh.

In brief, the Bill establishes the lowest tier of subordinate judiciary of the State – mini centres for justice – Gram Nyayalayas – at the intermediate levels or for a group of contiguous Panchayats. These courts, presided over by a newly created cadre of Nyaya Adhikaris with a fair representation of Scheduled Castes and Tribes, would augment existing civilian and criminal courts. Jurisdiction would include cases under certain provisions of the Indian Penal Code (IPC) as well as various Central Acts, and civil and property disputes to be notified by state governments. In addition, District Judges and District Magistrates would prepare lists of conciliators from among social workers for settling disputes.

Cabinet approval for the Gram Nyayalayas Bill 2007 is a meritorious development, but, as the IC Centre points out, it falls short of fulfilling its objectives and should be brought back to the drawing board. And we cite below some of the Centre's concerns – circulated as a position paper by the organization's head, former Cabinet Secretary Prabhat Kumar:

What guarantee is there of sustainability and effective functioning? How do we ensure that the common man will receive fair treatment and legal aid unencumbered by corruption? Whether the Act can be implemented in all states within a short time-frame, given the requirements of rule-making by state governments and high courts. Whether state governments have the ability to budget for the heavy recurring expenditures. Have other effective ways of dealing with the problems – apart from alternative resolution mechanisms like *lok adalat*s and fast courts – been considered?

The Centre has several sound recommendations. Among them is a proposal that instead of a cadre system of Nyaya Adhikaris based on minimum law degree requirements and age limitations (maximum 45 years), it would be more desirable to select people with sound common sense and attributes of fairness from among professionals like teachers, small entrepreneurs, and retired civil servants on contract for a term of say, five years, renewable on satisfactory performance. The upper age limit of 45 should be scrapped.

This is but one of a host of far-sighted recommendations made by the Centre's task force under the chairmanship of Justice JS Verma, former Chief Justice of India. The Centre is a large group of professionals from different walks of life who have come together for thinking collectively on important issues of public governance. *gfiles* strongly recommends that all public officials, citizens, parliamentarians, academicians acquaint themselves with this vital legislation of justice for all, as well as pay heed to the wisdom that is contained in the Centre's recommendation.

INDERJIT BADHWAR

BIG BOSS

Continued from page 2

sector company which procures iron ore and coking coal from the market. The cost of production between April 2007 and March 2008 increased by Rs 5,000 per tonne, whereas the net sales realization increased by Rs 12,000 per tonne. We agree with the producers that cost of production has increased but the price rise in steel is not commensurate with the increase in input cost. It is much more.

gfiles: *Steel is produced by manganese, coking coal and iron ore. Of these three inputs, which has registered the highest price?*

RSP: Cost of all these inputs has increased globally. We import 70 per cent of the coal due to lack of quality coal in India. Iron ore price has more than doubled in the last three years. This year, it is set to increase by another 70 per cent over last year's price. Coking coal prices have more than trebled this year, compared to last year. We have quality coal mines at Jharia which should become operational at the earliest.

gfiles: *The Steel Minister said in Kolkata recently that he does not see any rationale in the import duty on scrap being reduced from 5 to 0 per cent and excise duty to 2 per cent. Yet the prices are increasing. Why?*

RSP: The minister is right. As I said earlier, the import price of steel has increased globally, which is the reason for the present rise in steel prices.

gfiles: *Should we not regulate the steel sector in the national interest?*

RSP: In my opinion, regulation of the steel sector should be the last resort. If you fetter it, it would be a deterrent to the industry. We are now living in a different era marked by a liberalized economy. There are other options available to control the prices.

gfiles: *What are those options?*

RSP: To control the price, we have to invoke some fiscal measures. Adjusting import, export and excise duties are measures to be tried. But these are immediate and temporary. We have to increase steel-producing capacity in the long run.

gfiles: *How much can our capacity be?*

RSP: We plan for a capacity to produce 124 million tonnes of steel annually by 2011 and maybe 270 million tonnes by 2020.

gfiles: *Where lies the problem?*

RSP: Steel production is not an instant affair. It requires three to four years of gestation. To achieve capacity, we require land acquisition, mineral linkage, railway track linkage. Also, a large number of Memoranda of Understanding (MOUs) have been signed between various state governments and investors which need to be implemented in letter and spirit. It is a long-drawn process.

gfiles: *What will be the demand in India in 2020?*

RSP: We will have a little surplus if we produce as per our plan and make the right efforts in this direction.

gfiles: *The general observation is that the private steel producers are not heeding your call to reduce steel prices....*

RSP: It is not for the government to issue diktats in a free market economy. But the government will take appropriate measures to control prices. Of the many options the government has, one is to reduce Counter-Veiling of Excise Duty (CVED) which is 14 per cent. We have the option to make it 0 per cent. But this too is not the solution. If the import price increases by another 14 per cent, reduction in CVED will not bring any positive result. So we have to focus on more production.

In the last four months, the international price of steel has increased by 60 per cent as compared to 30 per cent increase in Indian steel prices. Even so, the temporary solution to augment supply could be reduced import duty, increased export duty and reduction in CVED.

gfiles: *These are short-term measures. What about long-term solutions?*

RSP: In a way you are right. If fiscal measures fail to bring results, then what next? But the government is determined to control the price rise. I hope the regulatory measures do not become necessary.

Pandey on-site: molten situation

COURTESY: SAIL

'Adjusting import, export, excise duties are immediate and temporary. We have to hike steel-producing capacity in the long run'

gfiles: *Are you planning to ban export?*

RSP: I don't know. We are planning to import more and export less to maintain demand-and-supply equilibrium. To what extent import duty will be reduced and export duty imposed and whether export will be banned, I am not in a position to disclose. [*Subsequent to this interview, the government hiked excise duty on steel export by 15 per cent*]. But steel prices will not be left to the mercy of some profiteers. We are here for the citizens of this country and all necessary measures will be taken for their welfare. There has to be a win-win situation for the producers as well as consumers. g

LETTERS

Continued from page 3

willing to learn from her. I have been working in the area of solar energy for the last 10 years throughout the country. I believe that rain water is as abundant as solar energy.
Manas Mukul Srivastava, Delhi

Good magazine but publishing the birthdays of IAS and IPS officers looks corny. It makes it appear like a Government of India publication rather than an independent one.
KV Rathee, president, Canada-India Business Council, Toronto

The list of birthdays should be discontinued. Raja Ram, whose name appears on page 26 (April 2008 issue), expired in the second week of March after a long illness.
Sudhir Kumar, Lucknow

The error is regretted —Editor

Incredible India

enchanting tamil nadu
experience yourself

The adventure trip

Yes, there are great mountains that you'll climb 'because they're there'. And thick jungles where you can set out to explore and get lost. Lovely hill stations with picturesque trekking paths and bicycle safaris. In fact, Tamil Nadu has two of the nine biospheres in India (Udhagamandalam and Gulf of Mannar).

A perfect treat for those with an appetite for adventure: Bite into a molaga bajji (vicious chillies hidden in delicious batter and fried) after a quiet trek in the Kodai hills. If you have a sweet tooth, may we suggest the legendary home-made chocolates instead? Take a cool shower in the Courtallam falls and chase the trip with piping hot Tirunelveli halwa.

There's still a lot to see and do. Soak up some sunshine on the cool peaks of Ooty and Yercaud, or take a guided tour in the Mudumalai wildlife sanctuary.

Adventure is omnipresent in Tamil Nadu. Your mind will reel as it tries to accommodate the never-ending parade of new sensations. But we'll not go into details. It would spoil the surprise.

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CRY BABY COMPETITION

The police-politician nexus is behind the move to give IPS parity with the IAS

SPECIAL TO GFILES

SECTIONS of the government, especially the members of the Indian Police Service (IPS) and Defence Services, have raised serious questions about the recommendations of the Sixth Central Pay Commission (CPC). The IAS is bearing the brunt of the offensive. The condemnation comes not from the mass of Central Government employees but rather from an elite segment. This censure reflects changing times. A select few have become aware of their centrality in the new scheme of things and have begun to flex their bureaucratic muscle.

Qualification: the basis for pay

Because the IAS was created to shoulder special roles and responsibilities, the recruitment and training of its cadres was deliberately different from that of the IPS

Much of the opprobrium is directed against the CPC observation that the two-year differential enjoyed by the IAS and the IFS in the matter of promotions and empanelment for holding higher-level posts in the government over other services may continue while efforts should be made to prevent the gap becoming wider. The CPC has recommended that as soon as an IAS officer of a particular batch gets a higher scale, officers of other Group A services including the IPS and Indian Forest Service, two years senior, should be given the same on a non-functional basis.

The IPS was conceived as an all-India service with the specific objective not only of maintaining law and order and internal security, mostly in the states, but also to man leadership posts in the Central paramilitary forces. The IAS was envisioned as a guardian body for a wide variety of administrative posts right from the local to the Central government levels. The British-created Indian Civil Service (ICS) and the Indian Police (IP), predecessors of the Nehruvian era, performed, to a limited extent, similar roles, though in pay and rank the ICS was superior to the IP.

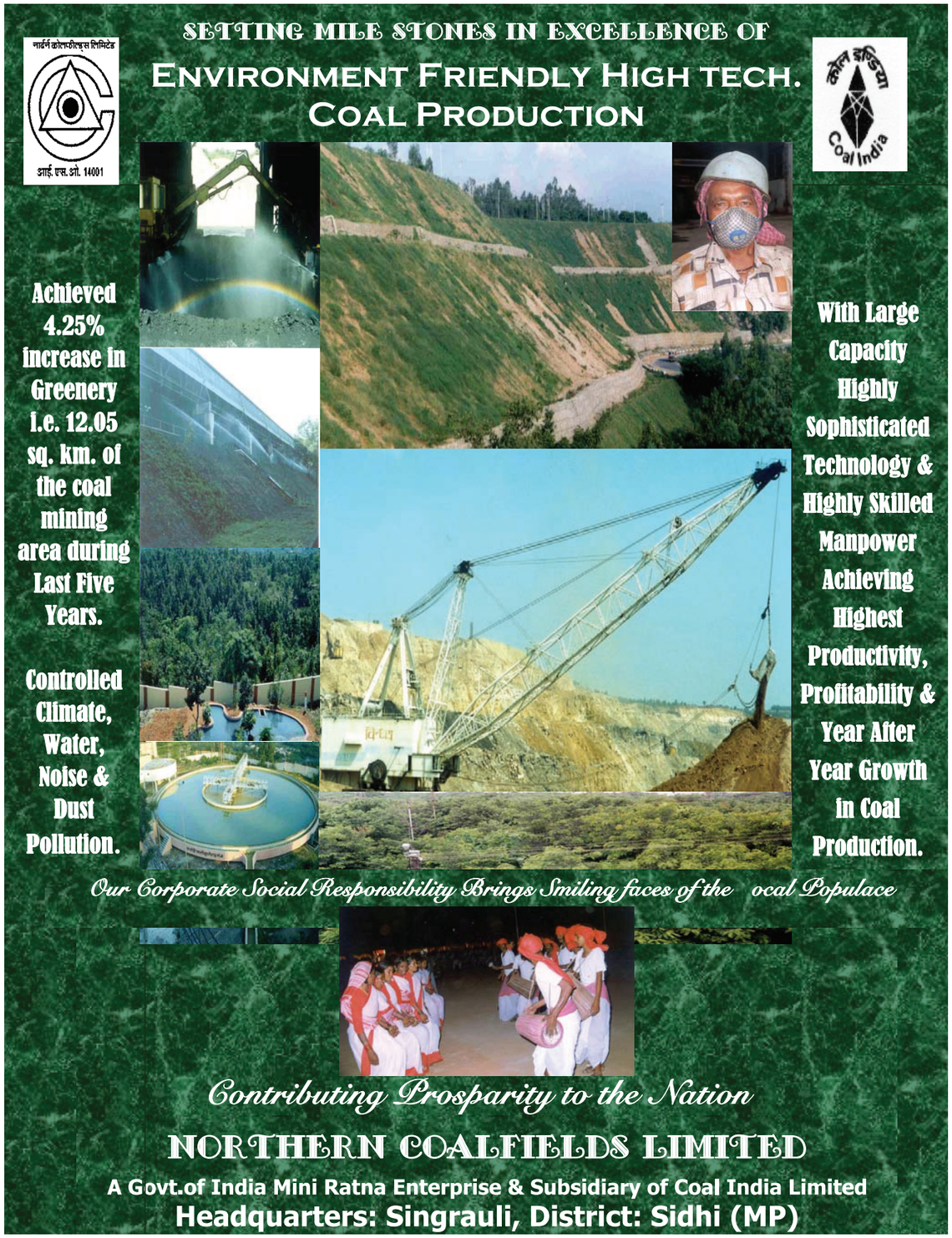
Until 1979, those who competed for the IAS and the Indian Foreign Service (IFS) had to write five papers in the UPSC examination as against two papers for those competing for the IPS and three for the Group A Central Services, reflecting intellectual ability which was expected from the IAS.

In spirit, this administrative vision continues. Even after the introduction of the common civil services examination, hardly a year has gone by when the majority of the high performers in this most rigorous of all competitions has not opted for the IAS in preference to the other services. In fact, a large number of candidates who do not make it to the IAS prefer to take the examination again whereas those who get into the IAS are not allowed to repeat it in order to get into the IPS or any other service. From its inception, because of the role and responsibility it has shouldered, the IAS has been treated as the best among civil service opportunities available in India.

Rapid economic advancement, democratic decentralization, and the spread of literacy and education are empowering increasing sections of Indian society. Naturally, they will claim a greater proportion of rights for themselves. VS Naipaul has described this phenomenon as a "million mutinies", the consequence of which manifests itself in frequent and violent upheavals and turmoils. Along with this, the criminalization of certain sections of politics has brought the police closer to ruling political elites and vested interests. This proximity has created an atmosphere of administrative hubris that is reflected in the IPS seeking total parity with the IAS – a demand that is supported by a political class that is increasingly dependent on the police to protect the politician-criminal nexus that is becoming the bane of modern India. The number of IPS officers appointed as Governors of states after retirement bears stark testimony to this trend.

Correspondingly, the IAS has lost its pivotal role in the power relationships within the government with the liberalization of the economy and near-complete dismantling of the licensing regime. But these inevitable developments should lead to the IAS playing an even more significant – albeit transformed – role: A dynamic and vibrant new *avatar* as change agents, facilitating and managing new policies based on their unique and valuable experience of manning diverse assignments.

The vast and wide experience in managing multiple situations, programmes and projects at all levels coupled with the skill to mediate between conflicting interests have uniquely equipped the IAS officer to shoulder higher responsibility with comparative ease. The numerous IAS officers who have quit the government and been employed in top corporate-sector jobs are living proof of the kind of managerial ability they have acquired during their days in the government. g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Anonymous service in search of a Brand

There is a strong case for drastically reducing the bureaucratic head-to-tail ratio, increasing the number of performers, and introducing many other changes

by S Narendra

PIB

Spit 'n' shine: polishing image

ON Civil Services Day (April 21) this year, the Prime Minister called upon the civil services to "break their stereotype image as non-performers". According to him, "the most important challenge is to instil confidence in our people that our civil services are fair, honest, as well as efficient." It was significant that the CEO of our federal polity should have said this even while favouring "a proper reward" for the civil services. Indirectly, rewards have been linked with image and trust the civil services enjoy or lack.

The media debate over the Sixth Pay Commission has sharply questioned the very basis for any "proper" or otherwise reward for the civil services. Most commentators on the subject have portrayed government expense on civil services as an unsustainable and unproductive burden.

It is notable that such views were rare during the first half of India's independent existence. This leads us to question whether both the service's performance and its result – the image – were better in a period when the economy and the rest of the system were under the government. And whether both have deteriorated in the later period marked by receding government control and the global push towards good governance.

The civil services encompass a large, complex hierarchical system with over 30 million employees in the Central and state administrations. The government's activities and their funding have increased a million times. For example, the Central funding of the rural development programme was over Rs 7,000 crore for five years in the Sixth Five Year Plan and has now increased by almost 15 times. Multiplication of schemes and regulations have added to the bureaucratic army, especially at low-paid supporting levels without waiting for systems to be put in place for their implementation and for training personnel. Meanwhile, interaction between the administration and the people has risen manifold. People's expectations are beyond the system's capacity to match. The top-down or *maibaap sarkar* model of development administration has not changed despite the euphoria over the Panchayati Raj reforms of 1994.Good governance measures for transparency of political and administrative decisions and actions have barely begun and are yet to acculturate the system.

The civil services are by tradition expected to be anonymous, so that their neutrality and independence are preserved. The political ecosystem occupying the higher governance domain wants the anonymity of civil services but not their neutrality or professional independence. Hence this ecosystem wants to recruit and reward the subservient, and reject the performers. The latter are looked upon as a hindrance in furthering short-term objectives of the higher political domain. A few bureaucrat performers who were also unfortunately profile-seekers have paid the price. And positioned themselves as icons of civil services excellence. Perhaps they proved the exception.

As regards image, it would be more appropriate to look at creating value and brands from particular services and activities. There are precedents created by Metro Rail, IRTCS, and India Post. Indian Railways presents another example where commercial service built a reputation while passenger services are yet to make the grade. There is potential to create valued brands in the departments of income tax, customs, central excise, company law administration at the Central level. Since these services touch the most powerful and vocal middle class, there is an inbuilt compulsion to deliver and gain goodwill.

At the state level, e-governance initiatives require a lot of attention to bridge the gap between promise and delivery. The Bhoomi project for digitizing land records in Karnataka was a trailblazer in this respect. In the metros, municipal bodies are trying to change and create some brand value for themselves. Surprisingly, in the power sector, even after reforms, distribution and transmission services have not improved image.

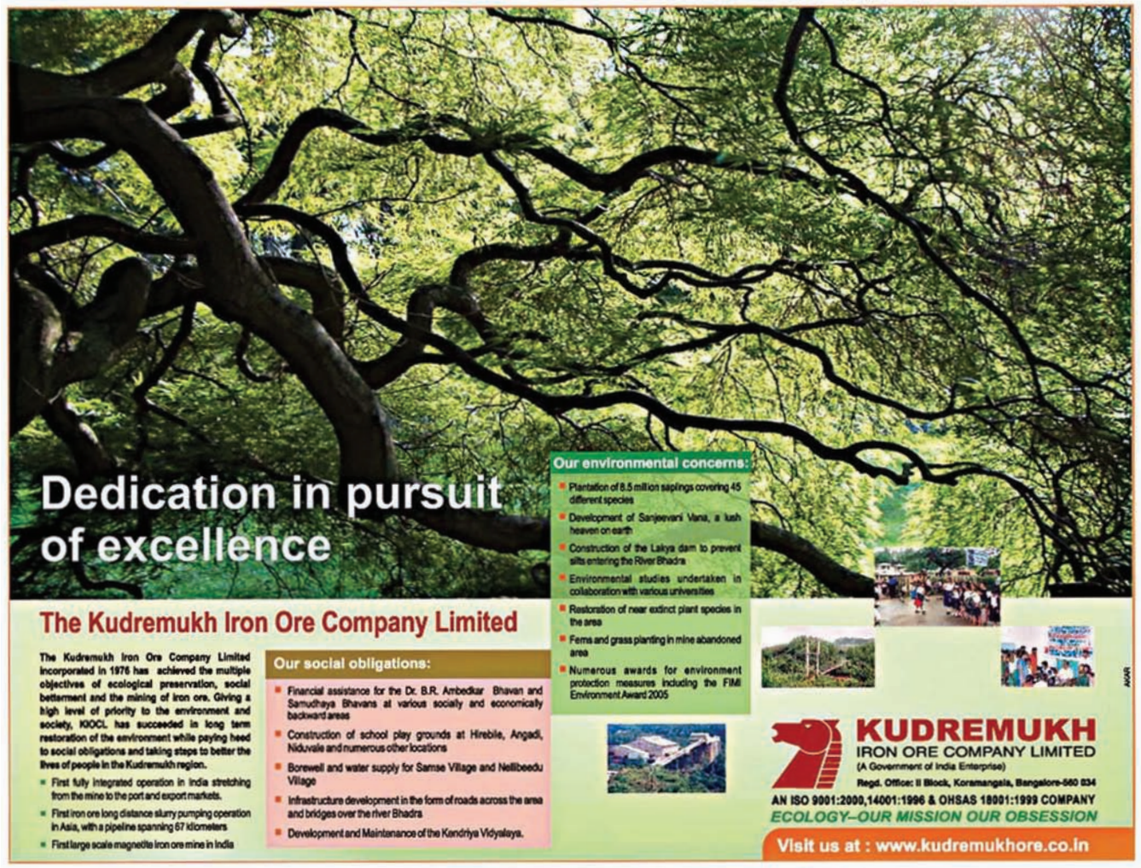
But the greatest good of the greatest number will have to emerge out of the delivery of social and welfare goods and police performance – both in the state sector. These constitute the large interaction areas between the really silent majority and the power of the government where the urge and openings for exploitation and appropriation of benefits is considerable. There are individual civil servant-led drives to improve services in specific areas but one is yet to hear of open political leadership backing for such maverick moves. Thus, they have been unsustainable and have rarely been scaled up.

The point is that the civil services, being so very diverse and enmeshed in the politics of governance, do not lend themselves to creating an image for themselves but can contribute to developing the image of particular services. Perhaps the only service in the state sector that needs to change and has the potential to acquire an independent and positive orientation image is the police. The rest are anonymous.

The fact cannot be denied that the civil services are not always independent, able and honest players in the politico-administrative ecosystem. Many in the services may be too eager to be co-opted into the system of political whims and profits. There is a strong case for drastically reducing the bureaucratic head-to-tail ratio, increasing the number of performers and introducing many other changes. Since the Prime Minister wants the civil services' image to change, they are part of a continuum. But the focal point of the celebrations surrounding the turnaround of Indian Railways is Lalu Prasad Yadav, not IRTS, IRSE, IRAS or any other service. One part of a brand or a product in a basket of closely-knit brands cannot shine alone. In the media-led world of today, perception is reality. The advocates of market-led economics and globalization have done enough damage to the image of governments by first damming them in order to make them recede. Good governance campaigns, including corruption-level ratings, have contributed to some extent to this negative image. The political leadership has not mitigated matters. And the media reflects and reinforces this composite image.

The focal point of the celebrations surrounding the turnaround of Indian Railways is Lalu Prasad Yadav, not IRTS, IRSE, IRAS

In public perception, government is synonymous with the political executive and civil services. Neither enjoys credibility. Strangely, each expects the other to change rather than jointly creating a government brand that means value for money. g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Infrastructure development in the form of roads across the area and bridges over the river Bhadra
Development and Maintenance of the Kendriya Vidyalaya.
Our environmental concerns:
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Development of Sanjeevani Vana, a lush heaven on earth
Construction of the Lakya dam to prevent silts entering the River Bhadra
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Room for a berth
bjp office leads to rs

If you happen to be a BJP member looking for an entry to the Rajya Sabha, look for a room instead. And yes, there happen to be two rooms available in the coveted 11 Ashoka Road headquarters of the party – the proverbial road to the RS for those who came in late. It was former BJP ideologue Govindacharya who first turned his drab office room there into a home. But his fall from grace in the eyes of Atal Behari Vajpayee put paid to his hopes of making it to the Upper House. But plenty of others – JP Mathur, Jana Krishnamurthy, Kushabhau Thakre, Mahesh Sharma, Om Mathur, Prakash Jawdekar and Prabhat Jha (not your fault if you haven't heard of these "national leaders") – have successfully made their way to the Rajya Sabha from these Spartan rooms.

The last occupants of the rooms, usually meant for *pracharak*s, were bachelors wedded to the party. For all the talk about modernity and equality of women, the party and its string pullers still prefer single (read available) males. So, if you are single or willing to live away from your wife for a year and seeking entry into the Rajya Sabha, queue up at HQ to get into the rooms behind the cabin of office secretary Shyam Jajoo. He, incidentally, is living in the office compound with his family. He may have to continue waiting for his accommodation.

No money, no honey
why rao got the boot

In the Union Council of Ministers, those who do not contribute to the party fund are *persona non grata*, never mind if they are in the PM's good books. The case of Minister of State for Coal Dasari Narayan Rao, who was dropped from the Council of Ministers in the recent reshuffle, is testimony to this brutal rule. Rao is a film celebrity in Andhra Pradesh and had introduced various e-reforms, bringing in transparency in coal transactions. The procedure for allotment of coal blocks was made transparent and decentralized during his tenure.

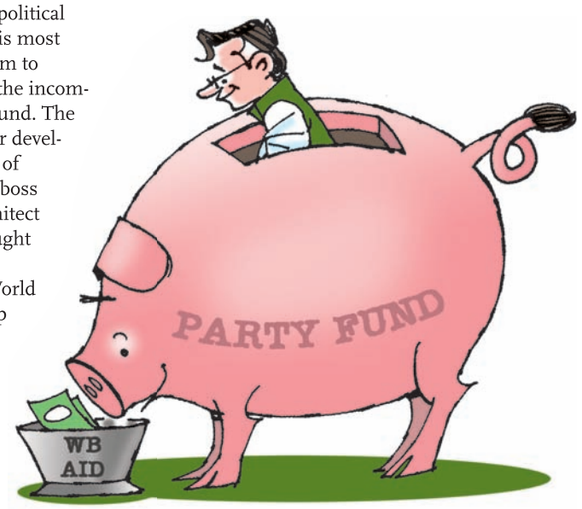
Sources reveal Rao had requested the Prime Minister almost six months earlier to relieve him from the Ministry as he wanted to concentrate on his home state. But the Prime Minister, impressed with his performance, asked him to continue.

However, the powerful coterie in the Congress headquarters at 24 Akbar Road never liked Rao because he failed to contribute to the party coffers. Knowing very well that the Prime Minister would be reluctant to drop Rao, the coterie cleverly kept bombarding 10 Janpath with fabricated complaints against him. Ultimately, he was jettisoned – much to the chagrin of the Prime Minister.

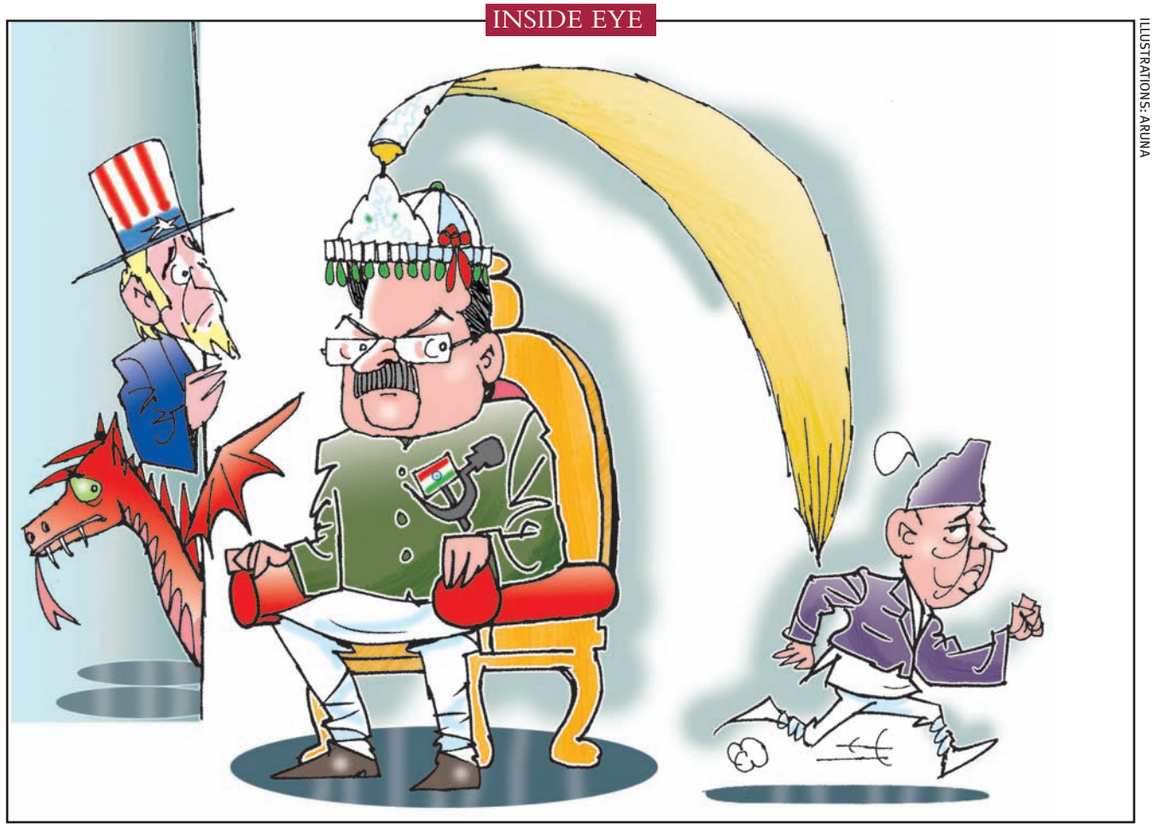
Dollar windfall for party
world bank aid diversion

INDIA'S northern states receive considerable financial assistance from the World Bank for development of rural and urban infrastructure under various poverty eradication programmes. After the country head of the Bank announced billions of dollars' worth of financial aid to one such state recently, the political boss of the state summoned his most trusted colleague and asked him to ensure that more than half of the incoming fortune went to the party fund. The remainder could be utilized for development work with a provision of incentives for a select few, the boss said. He is considered the architect of social engineering that brought the party to power.

A couple of years ago, the World Bank almost threatened to stop funding of ongoing projects due to poor performance and frequent transfers of project officials under the same political regime. After a short gap, the party captured power again through social engineering and, intriguingly, the World Bank has altered its stand and now found the governance of the state and nature of development work worthy of financial aid.



INSIDE EYE



ILLUSTRATIONS: ARUNA

Win some, lose some
arjun outwits coterie

Here's at least one instance of the coterie running the show at the Congress headquarters having to eat humble pie. All its scheming and plotting to send veteran Arjun Singh into political oblivion as Governor of Maharashtra failed. He proved yet again that he is more than a match for the entire Congress flock put together.

Singh's detractors advised the party high command to appoint him Governor of Maharashtra as he had not been keeping well for quite some time. The moment Singh got wind of this, he projected Rahul Gandhi as the future Prime Minister of India. Attention got diverted away from him and senior party leaders, including Sharad Pawar, joined the chorus over Rahul's future. The issue of Maharashtra's next Governor was transformed into a debate over India's next Prime Minister. The strategy also served to endear him further to the Gandhi family, despite its official denial of any plans to make Rahul the PM. And, totally outwitted, the anti-Arjun lobby in the Congress also joined him in his demand. g

Asleep at the wheel?

Why are India's foreign policy mandarins paying no heed to President Rajapakse's bold initiatives?

by Arun Lavania

WHY is it that some of the boldest and most significant steps being taken by President Mahinda Rajapakse of Sri Lanka in trying to restore normalcy in the strife-torn island nation are going virtually unnoticed by India's security bureaucracy? India is the one SAARC nation – by virtue of its proximity and traditional ties and strategic security interests – that has the most to gain from a strong, stable and economically resurgent Sri Lanka. Yet, some of Rajapakse's latest initiatives to gain the confidence of alienated Tamils who have latent pro-LTTE sympathies seem to find little or no recognition in the power corridors of New Delhi.

New Delhi, it is obvious, has no love lost either for the LTTE which has been banned as a terrorist organization, or for its head honcho, the tyrannical Pirabhakaran. It made that obvious when it kept virtually mum after Rajapakse nixed the farcical Norwegian-brokered Cease fire Agreement which had given the LTTE breathing room to regroup and step up terrorist activitivities. Rajapakse's increased military pressure on the LTTE, that has resulted in liberation of the island's Eastern Provinces, has also been accompanied by an unprecedented olive branch to the Tamil diaspora. Rajapakse is convinced that without addressing legitimate Tamil ethnic, linguistic and regional aspirations there can be no lasting peace.

So he has embarked on a sustained campaign of reaching out to the Tamil community through a series of confidence-building measures. His closest aides have been involved in Track-II talks with influential members of the Tamil diaspora. As a result, the President has taken the unprecedented step of making Tamil a compulsory language for all his government's officials. This gives Tamil an official language status. He has also held elections in the Eastern Provinces as a first step in creating an autonomous atmosphere and has publicly espoused his adherence to the 13th Amendment (provincial autonomy) that was enacted following the Indo-Sri Lanka accord when Rajiv Gandhi was prime minister. In addition, he has instructed his navy to be extra careful not to hurt Indian fishermen, notably from Tamil Nadu, when they stray into Tamil waters.

PIB

Rajapakse with Manmohan Singh: keeping a promise

These measures have earned him vituperous hostility from his own coalition partners, particularly the hawkish Janatha Vimukti Perumuna (JVP), a former insurrectionist Marxist group that has Chinese leanings. The JVP has been branding Rajapakse an Indian sympathizer and appeaser and threatening to pull him down because they see him making concessions to the Tamils. Not that the intrepid Rajapakse is incapable of fighting his own battles. But in this crisis, when he has been going out on a limb, why are India and its bureaucracy not giving him more solid moral support and helping to publicise his initiatives?

The Indian grapevine has it that South Block mandarins who shape foreign policy should be more alert to such developments and should anticipate crises in neighbouring countries before they erupt into impossible situations as happened in Nepal. Is Alok Prasad, Indian Ambassador to Colombo, asleep at the wheel, or are his reports on this supersensitive subject being ignored by South Block mandarins out of a lack of vision and foresight?

Footnote: The same South Block mandarins are hopping mad about another insult. When pro-Tibetan protesters tried to scale the walls of the Chinese embassy in New Delhi, the Chinese summoned Indian ambassador to Beijing Nirupama Rao at midnight to their Foreign Ministry. To add insult to injury, when she went she was met only by a junior officer, possibly, Joint Secretary level. Publicly, the Indian Government has accepted China's "explanation" that it meant no disrespect to the Indian plenipotentiary. Privately, Indian Foreign Office officials are still fuming but the Government has not even followed up with a brief protest note over this undiplomatic breach of protocol. Come on, MEA, wake up and shine! g

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Catch-22 for governance

Preventing public officials from abusing their power is a non-negotiable priority

THE combined effect of global changes, ideological onslaughts and the electoral unpopularity of higher taxes has rendered governance vulnerable. For any government to be able to continue its function and regain its legitimacy it would have to rethink its role; find new, flexible and alternative ways of doing business; and be innovative in solving problems. However, that is not easy.

The very tradition of government is against innovations; and possibly not without good reasons. The most important concern of those involved in public management reform has been to curb the discretionary powers of public officials. Governments in most countries invariably control the large public resources and, unless constrained by laws and procedures, there is nothing to prevent wanton greed, avarice, nepotism and corruption.

The loss of public service ethos has been the death of public service itself

Preventing public officials from abusing their power has been the first order of business in public management. But, like all desirable objectives when applied mechanically, the letters of the law acquire greater significance than the spirit behind it. The insistence of public sector reformers to define precise rules for disbursement of public funds and for appointments, transfers, promotions, entitlements etc. might have kept avarice and nepotism in check but it stifled initiative, creativity and plain common sense.

In such hide-bound rules, playing by the book became a virtue in itself; and many public servants forgot the very purpose for which they were being paid by the tax payers. The loss of public service ethos was the death of public service itself. Not surprisingly, governments have become bureaucratic, outmoded, inefficient, irresponsive, rigid, bloated and wasteful.

ILLUSTRATION: ARUNA

THE WAY AHEAD

Governments must become citizen-centric. Governments are no longer rulers but rather their role is to create an enabling and facilitating environment in which citizens can advance their societal visions and aspirations.

They must cater to the diverse and plural communities – one size no longer fits all. The constitutions, institutional arrangements and political processes have to be reordered and adapted so that the majority view is tempered by the sensitivities and needs of minorities.

Effective service delivery and greater transparency and accountability are essential to restoring the trust in government.

The government must create an even playing field so that a socially just and equitable society is created. No government can claim legitimacy that does not put social justice at the heart of its agenda.

Above all, the government must do all these things and more for less tax money.

This is not to argue that government or the state has become obsolete and is doomed to be replaced by other institutions and structures. The expectation of the demise of the government is not just premature but is also mistaken and misplaced. Governments remain, and will continue to remain, central to our society. The discussion about the "reinvention" or the re-conceptualization of government is about better and more effective governance of our society. It is obvious that if the government is to regain popular trust, it must become smarter, flexible and innovative; and it must work proactively to advance social justice. g

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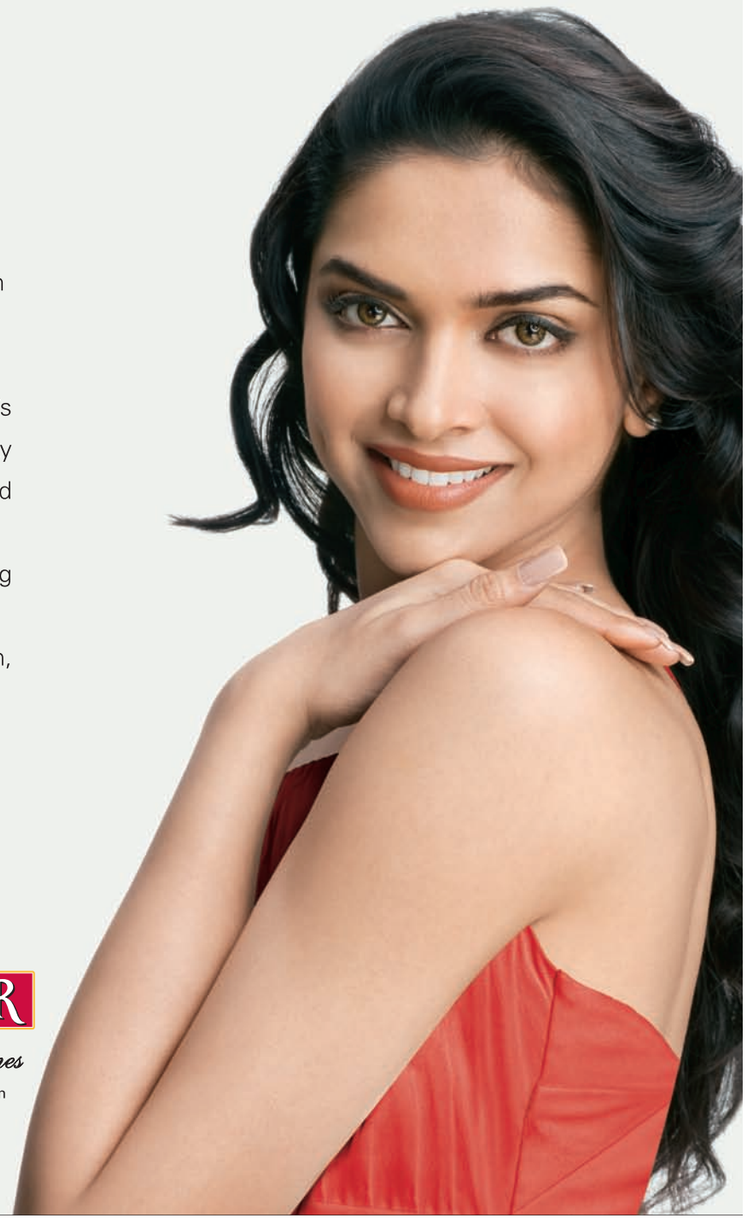

Comedy of ERRORS

Vested interests are denying just local self-governance

As flood spreads wider and wider, the water becomes shallower and dirtier. The Revolution evaporates, leaving behind only the slime of a new bureaucracy. The chains of tormented mankind are made out of red tape. —FRANZ KAFKA

THE 73rd Amendment to the Constitution in 1993 that envisaged structural changes of governance at the village level was essentially a top-down model. We all supported it because when structural changes are required to be brought into society, the government has to take the lead. But, looking back at what has happened in the past 15 years, one is both nostalgic and regretful that such a critical opportunity for just governance has been nearly squandered.

When discussion on the 65th Amendment was initiated by the Central government in the late 1980s, there was a need to study the functioning of panchayats in various states and how a differential approach was required to achieve the silent as well as loud objectives that the 65th Amendment – and, later, the 73rd Amendment – talked about. Unfortunately, this was not done and now we are saddled with a mess.

Prior to 1987, there were three different levels at which panchayats operated:

- In states that accepted the Balwant Rai Mehta Committee Report and set up Zilla Parishads in the early 1960s and handed over major departments, people were aware of the intense power struggle that takes place in Zilla Parishads and how to cope.
- In states that were governed by tribal customary practices where official institutions have had no role to play in governance (especially the Northeast), people were subject to customary institutions and depended on them for day-to-day survival.
- In states that ceremonially accepted the Balwant Rai Mehta Committee Report but did nothing to empower Zilla Parishads (there were no elections, no real powers besides ceremonial ones), the institutions were captured by the local feudal lords and run as their private fiefdoms. The people had nothing to do with these institutions.

When the Provisions of the Panchayats (Extension to the Scheduled Areas) Act or PESA was passed in 1996, some attention was paid to the tribal areas but the majority of the states, especially in the north and northwest, fall in the last category. This encompasses nearly two-thirds of India.

When the Panchayati Raj bodies were restructured, there was a need to restructure the bureaucracy as the Amendment declared panchayats as institutions of governance. And governance is not possible without instruments like the bureaucracy.

FOTOSI/INDIA

Panchayats: disorder behind the order

Take the case of Himachal Pradesh, where people with a feudal mental set-up controlled panchayats. To break this, there was a need to create checks and balances whilst composing the Gram Panchayats. But what have we got – a Pradhan directly elected by the Gram Sabha. S/he is not accountable to other members of the Gram Panchayat whilst undertaking financial dealings and handling projects.

S/he is the sole legal authority to sign all documents and MoUs with Block Development officers (BDOs). No other member of the Gram Panchayat is authorized to do so even if the Gram Sabha passes the resolution. If anything goes wrong, s/he is responsible and not the institution. Thus, we have a Gram Panchayat run by Pradhans at their whim as well as risk.

This was further compounded. Till 1985-86, there were two bureaucrats provided to Gram Panchayats – one a Gram Sevak who was a link between the BDO and the Gram Panchayat and the other the Panchayat Secretary. The Department of Rural Development controlled the Gram Sevak whilst the Secretary was under the Department of Panchayats.

The government in its wisdom decided to merge the two posts and have a Village Development Officer-cum-Panchayat Secretary, controlled by the Department of Rural Development. Thus, today we have Gram Panchayats with a Secretary whose controlling authority is not the Panchayat Department, but Rural Development.

The result is a bureaucrat handling Gram Panchayats but not accountable to the Department of Panchayats. What kind of governance can be expected at the Gram Panchayat level? The panchayat audit is done by the Panchayat Department and Secretary, who is the custodian of the records and cash of the panchayat and the official who writes the minutes of the meeting but who is not answerable to Audit Objections. It is the elected Pradhan who becomes accountable to the Department of Panchayats!

Till 1978, Himachal Pradesh had a unique system to deliver justice at village level. It had a Nyaya Panchayat for a cluster of Gram Sabhas that dealt with various minor offences and made justice accessible and affordable to poor people.

Then the government decided to merge the institutions and hand over judiciary functions to Gram Panchayats – a body of democratically elected representatives. This ensured that every Gram Panchayat member faced a dilemma: whether to deliver justice or take care of the vote bank, often losing out on both accounts.

Today the Gram Panchayats are saddled with two different responsibilities: execution of rural development programmes (mainly construction work) and delivery of justice while having a Secretary who is not accountable to the Panchayat Department.

As Lyndon Johnson said, if you want to kill a new idea hand over its execution to old hands.g

The writer heads SUTRA, an NGO working for women's empowerment

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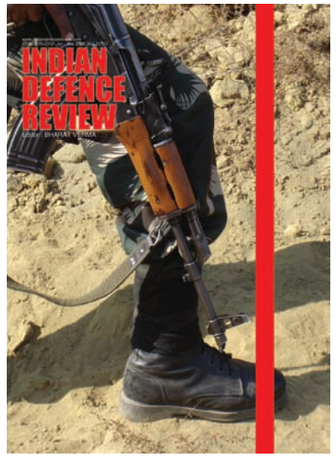

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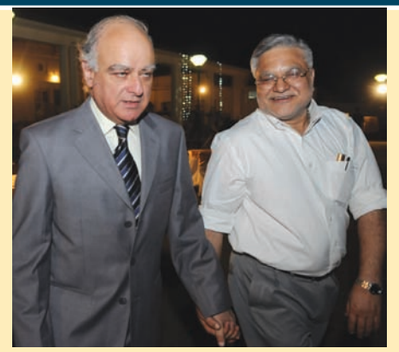

Anil Razdan, Secretary, Power with Anil Tyagi, Editor of *gfiles*

Niranjan Desai, *gfiles* Roving Editor and Meena Singh, Editor, Corporate Plans with Veena Sikri of the IFS (centre)

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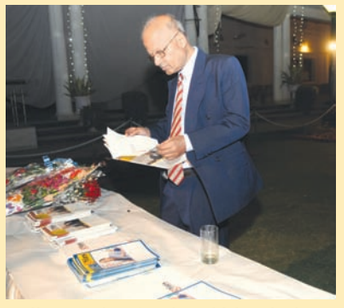
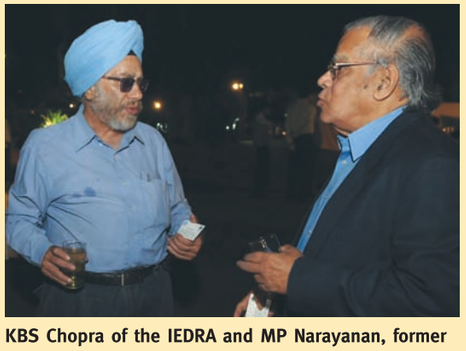
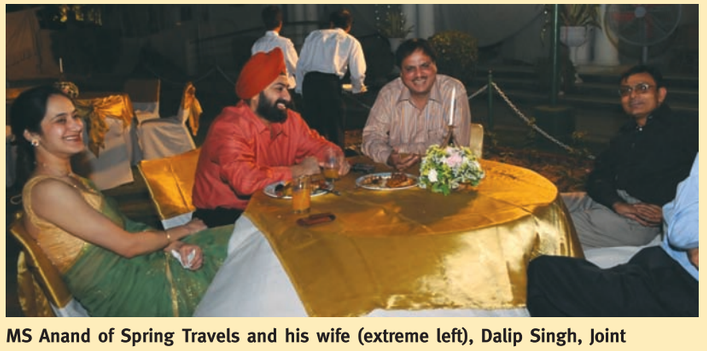


Indian Foreign Service old hand Nigam Prakash browses through *gfiles* issues



KBS Chopra of the IEDRA and MP Narayanan, former Chairman of Coal India



MS Anand of Spring Travels and his wife (extreme left), Dalip Singh, Joint Secretary, Steel and Narendra Kumar, Joint Secretary

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gfiles team Kh Manglembi Devi, Amit Thakral, Charanjit Kaur, Tajinder Singh (guest), Anshul and Chittaranjan Prasad (guest)

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The city's real estate boom has made it a preferred investment destination for bureaucratic careers

Gold rush in UNION TERRITORY

GFILES BUREAU

AFTER Haryana was carved out of Punjab in 1969, it was decided that the Union Territory of Chandigarh would draw 60 per cent of its officers from Punjab and the remainder from Haryana. In addition, the Governor of Punjab would also be the UT Administrator. The post of Home Secretary would go to Haryana and that of Inspector General of Police, Chandigarh to Punjab.

Over the years, the Home Secretary's post has become perhaps the most coveted. But this is hardly due to any challenge underlying the assignment. It has more to do with the booty hidden behind the scenes. Till a few years ago, Chandigarh was untouched by the real estate tide. In the recent past, private builders have built massive residential complexes around the city. During the last Home Secretary's tenure, about 300 acres of land were given to private builder Parshvanath for construction of a residential complex under public-private partnership. This policy, still open, is the most lucrative aspect of the Home Secretary's post and the reason why the UT has lately witnessed unseemly jostling for it.

When the term of the latest incumbent, Krishna Mohan (a 1977-batch IAS officer of the Haryana cadre), was about to end, he lobbied for an extension. Haryana Chief Minister Bhupinder Singh Hooda also wrote to the Home Ministry on his behalf. Annoyed at the lobbying, the Prime Minister ordered Mohan's removal on March 31 even though no successor had been chosen. Sources close to Mohan, however, have denied the charges of lobbying. He was later appointed Financial Commissioner and Principal Secretary, Animal Husbandry and Dairy Development Department, Haryana.

The selection of the next incumbent began and some intriguing twists and turns unfolded. Hooda forwarded the names of three IAS officers – Jyoti Arora (1987 batch), RK Khullar (1988) and Roshan Lal (1984), in order of preference – to the UT Administrator, Gen. SF Rodrigues. The latter forwarded the list to the Home Ministry without any change.

FOTOS4INDIA

Chief Minister Hooda: million-dollar headache?

The Maratha leader convinced Minister Patil to send the list to the PM with Khullar heading it

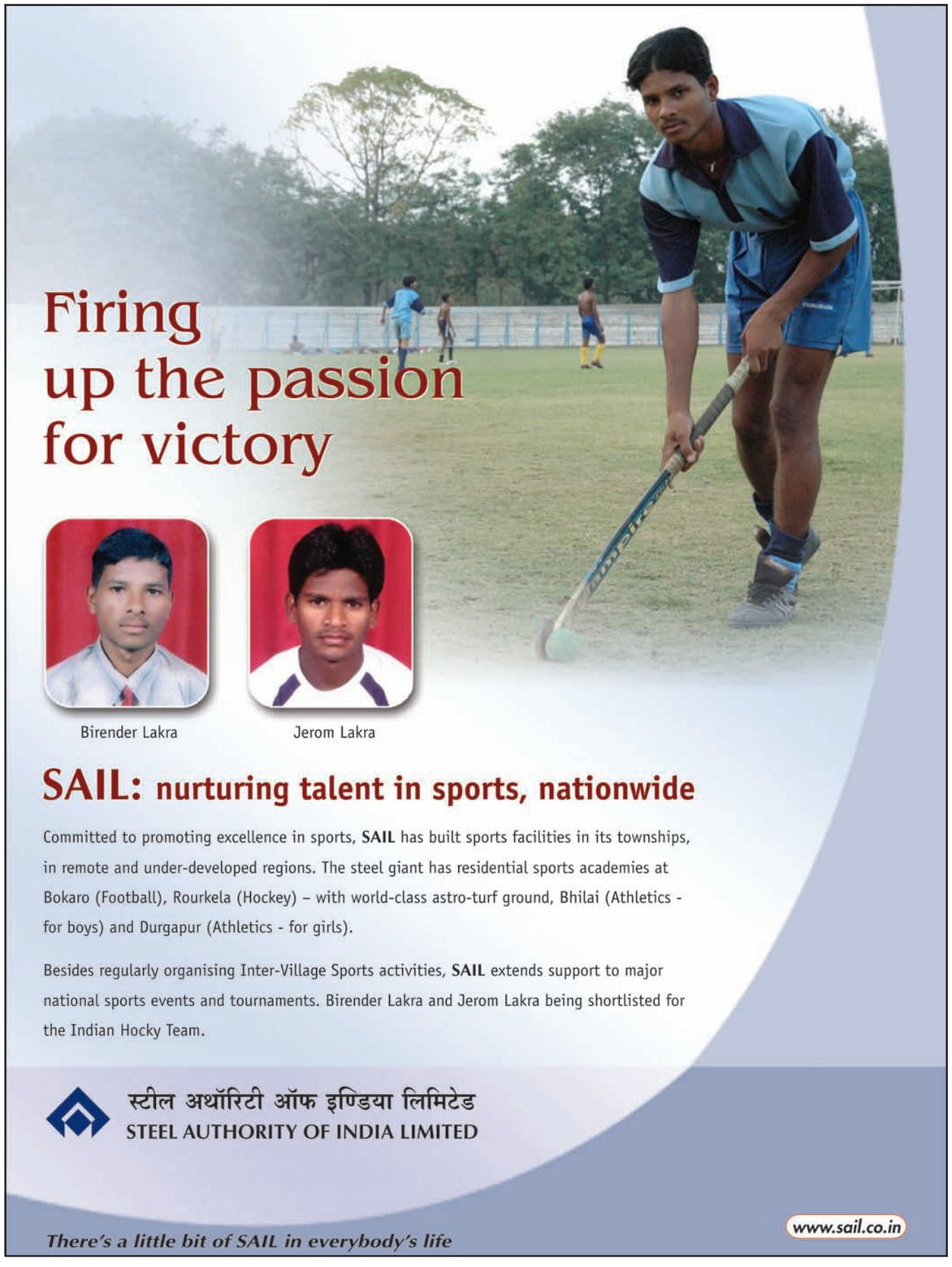
Arora's husband, reportedly a Hooda favourite, is Managing Director of the Haryana State Industrial Development Corporation. Her brother, Sunil Arora, is Officer on Special Duty to the Chief Minister of Rajasthan. According to sources, the Aroras launched a bid to influence South Block. Khullar, the second candidate, was not going to lag behind. Seeing the game slipping out of his hand, he approached a powerful Minister and cricket lover from Maharashtra. The Maratha leader convinced Home Minister Shivraj Patil to send the list to Prime Minister Manmohan Singh with Khullar's name heading it. News of this leaked to Rodrigues. Furious, he met the Prime Minister and apprised him of goings-on. The result was that the PM held up the file.

Meanwhile, a non-governmental organization in Ambala found out through the Right to Information (RTI) Act that no Dalit officer has ever been recommended for this post since the formation of Haryana. This piece of information led to a furore in the state owing to political considerations. In the face of further erosion of the Congress' Dalit base and the lobbying by the babus, the Prime Minister rejected the original list and called for fresh names.

In a bid to appear pro-Dalit, Hooda this time round sent an all-Dalit list to the Home Ministry via the UT administration. The list includes, in order of preference, Anil Kumar (1988), RR Jowel (1986) and RP Chandra (1984). Another IAS officer, Ram Niwas (1985), later managed an entry into the list. These officers are individually facing vigilance or court cases, have adverse entries in their conduct reports or are otherwise not up to the mark.

Each has highly-placed well-wishers – Ram Niwas is backed by the Governor, Jowel enjoys a rapport with four serving Secretaries at the Centre, Anil Kumar has the support of the Minister of State for Urban Development, and Chandra's mother-in-law is Shakuntala Bhagwadia, former Haryana Minister and now MLA.

Now, if the government rejects this list it will be branded anti-Dalit. If it selects one of the names on the list, it will be violating official norms. It has well and truly painted itself into a corner. g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Besides regularly organising Inter-Village Sports activities, SAIL extends support to major national sports events and tournaments. Birender Lakra and Jerom Lakra being shortlisted for the Indian Hocky Team.
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'We can give India a cutting edge over Pakistan'

Hartwick is a former diplomat who was Assistant US Trade Representative for South Asia in the office of the United States Trade Representative (USTR). During his diplomatic career, he served twice in India (1986-90 and 1994-97). He has kept visiting India on several occasions in his capacity as Assistant USTR over the past two years and thus brings considerable experience and understanding of the country to his new job.

Headquartered in Bethesda, Maryland, Lockheed Martin employs about 140,000 people worldwide and is principally engaged in research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services. The corporation reported sales of $39.6 billion for 2006.

gfiles: *How do you approach the Indian market?*

Douglas A Hartwick: With a solid commitment and a dedicated in-country presence with our office in New Delhi. We offer India a broad and balanced variety of platforms, systems and information technology capabilities. In August 2006, we held a Lockheed Team Supplier Conference in Bangalore which hosted representatives from over 50 Indian companies that are interested in forming business agreements with our company.

We have subsequently conducted site visits at more than 30 of the companies and had follow-on discussions about how we could work with them on potential Indian defence programmes – including co-production and offset.

gfiles: *What is India's special appeal as compared to other world markets?*

DAH: India, the world's largest democracy, and the United States have begun a new strategic relationship. It is founded upon the beliefs the two nations share in the importance of freedom and democracy, the rule of law, and the betterment of people through education and economic development. Both nations respect the rights of the individual and private property. Both nations have a history of building an economically healthy entrepreneurial sector.

gfiles: *But India lacks infrastructure facilities, as compared to other markets....*

DAH: This is not correct. We are in India for the last two years. Lockheed Martin India Pvt Ltd. is a fully-owned subsidiary of Lockheed Martin Global Inc. The Indian subsidiary will represent the interests of all the operating systems of Lockheed Martin in India.

We are developing integrated systems that will deliver inter-operable, seamless military capabilities. With that in mind, we joined the leading Indian information technology company, Wipro Technologies, to build the network-centric operations centre in Gurgaon. This modelling and simulation lab will develop and demonstrate emerging net-centric capabilities that are applied to current, real-world problems. Wipro and Lockheed Martin opened this unique lab in August 2006 and through it we will explore the art of the possible and prepare for net-work-centric operations of the future.

'Complex, real-time, real-world demonstrations can take place in our Indian facility—Ambar Jyoti or "light from the sky" '

gfiles: *Can you give some details?*

DAH: This lab, also known as Ambar Jyoti or "light from the sky", is the first of its kind in India. We are certain that, as a result of this project, the Indian market will receive easier access to advanced net-work-centric architectures and concepts.

In the coming months, we will connect Ambar Jyoti to other similar centres across the globe so that an increased number of complex, real-time, real-world demonstrations can take place in this Indian facility.

gfiles: *What are some of the other initiatives?*

DAH: Another recent initiative is the India Innovation Growth Programme. This extraordinary project is designed to accelerate the launch of early-stage Indian technologies into the global marketplace. This is a business incubation programme that advises companies with new technologies, often start-ups, on how to bring their products to the market quickly.

In the India Innovation Growth Programme, Lockheed Martin is partnered with the Federation of Indian Chambers of Commerce and Industries (FICCI) and the IC2 Institute at the University of Texas in Austin.

As you can see, we have laid the groundwork for a long-term and mutually beneficial relationship with Indian government and industry. And this relationship is vital and strong, in part, because there is much that connects India and the United States as nations and peoples.

gfiles: *What business model are you bringing to India?*

DAH: For Lockheed Martin, partnerships have meant and continue to mean global products for global markets. In the UK, for example, Lockheed Martin draws on the expertise and talents of partnering companies on the C-130 Hercules programme. The C-130 is aptly named the Hercules – a transport aircraft that, since 1954, has performed thousands of missions in peace and in conflict. It is our priority; we have already got the order to supply six C-130s. It is a $960-million deal.

FOTOS4INDIA

Hartwick: soaring dreams

In the UK, the C-130J Industrial Support Group comprises more than 40 British companies who provide equipment and services to Lockheed Martin for the production and ongoing support of the C-130J Hercules. The C-130J programme sustains more than 2,000 jobs in the UK, and 20 per cent of every C-130J is produced by UK-owned companies. While Lockheed Martin is often known for its leading aeronautics products such as its combat aircraft or the C-130J airlifter, some 70 per cent of the corporation's turnover is from products and services outside of its aeronautics business.

gfiles: *How is this different?*

DAH: This level of involvement and participation is our basic business model in many other programmes such as the T-50 Golden Eagle supersonic trainer in the Republic of Korea, the Medium Extended Air Defence or MEADS in Germany and Italy, as well as the F-16 combat aircraft.

The F-35 is another business model that is proving successful. Countries participating in this consortium are the United Kingdom, Italy, the Netherlands, Turkey, Canada, Australia, Denmark, Norway, Israel and Singapore. Lockheed Martin is partnering with 14 British companies on the F-35, in vital areas as mission systems, vehicle systems, and airframes. The F-35 will bring in work valued at 27 billion pounds for UK companies. That degree of participation also means 8,400 direct jobs in-country and many thousands more indirectly. This is the business model we will carry to India.

gfiles: *You want to supply Medium Multi-Role Combat Aircraft (MMRCA) to India. How are you going to compete?*

DAH: It's the biggest fighter aircraft deal since the early 1990s. We are going to offer F-16s to India. The RFP (request for proposal) announcement estimated the programme at 126 MMRCA, at a cost of Rs 42,000 crore (about $10.24 billion as of the RFP date, or about $81.3 million per fighter). The 211-page document includes clauses for initial purchase, transfer of technology, licensed production, and life-time maintenance support for the aircraft. Under the terms of purchase, the first 18 aircraft will come in "fly away" condition, while the remaining 108 will be manufactured under Transfer of Technology. We are ready with world-class products.

gfiles: *But India does not seem to be interested in F-16s as Pakistan already has them.*

DAH: Through our F-16 Mid-Life Upgrade (MLU) programme, our partners have upgraded hundreds of aircraft. Many of the companies that were partners in our F-16 co-production activities are still involved in component production, and some are part of the team building the F-35 Lightning II.

While an F-16 E/F Block 60+ would have a number of important advantages, F-16 A/Bs and even its new Block 50/52 aircraft, the common underlying aircraft type would probably take some of the edge off of the deal. We make global products for global markets. The F-16 multi-role fighter is the choice of 24 nations worldwide. The Indian Air Force will give its specifications, what it is looking for, and we will give it a cutting edge over Pakistan. g

A keeper of secrets

The law minister is no great legal eagle but is a repository of somewhat, hmmm... useful information

by Renu Mittal

GUESS this personality by the clues given below. He's the longest serving Member of Parliament's Upper House but has no base, no constituency and no influence amongst India's electorate.

He depends upon the "love and affection" of one family and his loyalty to The Family has kept him in power for the last 30 years.

He has no standing at the bar, lacks the brilliance of a Kapil Sibal nor can he be counted an expert on constitutional law of the calibre of a Fali Nariman.

He was born in one state, was elected to the Rajya Sabha from another and his power-play is conducted from the third. He is a firm believer in the superiority of the Brahmin lineage and would go the extra mile to help and support all those who fall under this ambit, irrespective of party affiliations and never mind even if they are from the BJP-RSS basket.

He is Hansraj Bhardwaj – India's Union Minister for Law and Justice. A man who has continued to grow and strengthen with each controversy that came his way. He is the legal torch-bearer for the Nehru-Gandhi family and has made himself indispensable to them. Categorized as a family retainer, there are some in the Congress party who whisper that he knows more secrets than he reveals.

One of his biggest assets and unique selling proposition is that he has legal records of almost all political leaders of the country. He knows which leader is embroiled in which case, how that can be leveraged to the party's or the leader's advantage, and when that information can be used.

It's been a phenomenal rise from very humble beginnings – when his father was on the personal staff of Jawaharlal Nehru and he used to play in the staff quarters of Teen Murti Bhawan – to becoming the Union Cabinet Minister in the UPA government and tendering legal advice to Sonia Gandhi as well as handling most of the Nehru-Gandhi family's legal affairs from filing nominations to sending out legal notices or bailing out the Quattrochis in the Bofors pay-off case.

Born in Haryana, Bhardwaj hit prominence when he appeared in the Golcha murder case as a lawyer. He was P Shiv Shankar's junior during the Shah Commission hearings and became close to the team which defended Indira Gandhi. This included Sushil Kumar, who appeared for her, Madan Bhatia, PP Malhotra and others. When Dhirendra Brahmachari was embroiled in litigation over planes he imported, Bhardwaj jumped to his aid and through him got access to Mrs Gandhi.

Bhardwaj was part of the team which fought Sanjay Gandhi's Kissa Kursi Ka case and he was entrusted with the job of breaking witnesses.

After the death of Rajiv Gandhi, he helped Capt Satish Sharma and together both the Gandhi loyalists were made Ministers in the PV Narasimha Rao government with the blessings of Sonia Gandhi. Not a mean feat for a man who swears by the Gandhis.

It is this loyalty which peaked in January 2007 when Bhardwaj took the initiative to de-freeze the two London bank accounts of Ottavio Quattrocchi, a personal friend of Sonia Gandhi and a prime accused in the Bofors payoffs. He did not consult the CBI which had gotten the accounts frozen. He was said to have been helped in this by another Gandhi loyalist, Suresh Pachauri, who was heading the CBI. Pachauri is another Brahmin leader from Madhya Pradesh known to be close to Bhardwaj. Pachauri declined to sanction the request of the CBI to allow one of its senior officers to accompany the Law Ministry's officer to London.

For weeks the media feverishly speculated about the fate of Bhardwaj and Pachauri and predicted they would face the wrath of 10 Janpath. But the media had got it all wrong.

Whether it is the issue of judicial appointments or appointments in the law ministry, Bhardwaj's choices have always been less than savoury. At a time when both Justice Bhalla and Justice Vijender Jain were not cleared for chief justiceships, Bhardwaj not only stood up for them but ensured they were appointed.

Much to the chagrin of Congressmen, he allowed all NDA appointments of public prosecutors to continue, did not remove RSS-affiliated public prosecutors in Gujarat, and took no stand on the Gujarat riots

Much to the chagrin of Congressmen, he allowed all NDA appointments of public prosecutors to continue, did not remove RSS-affiliated public prosecutors in Gujarat, and took no stand on the Gujarat riots. Worse, he has been instrumental in the appointment of many judges during his tenure who hail from BJP-RSS backgrounds.

Even his own team is a mixed bag, ranging from Additional Solicitor General B Dutta, who went to London to de-freeze the Quattrocchi accounts, to PP Malhotra, whose exploits cannot be put into print, and Attorney General Milon Banerjee who is known never to appear in court (when the Supreme Court gives a notice, he sends Additional Solicitor General Gopal Subramaniam).

But criticism hardly bothers the man whom many love to hate. His Cabinet colleagues say that the government takes his legal advice seriously only when it conforms to the advice of other legal eagles in the Council of Ministers.

There are others, however, who praise Bhardwaj for going out of his way to help those who come to him. If he cannot help, the blunt and fast-talking Law Minister has no qualms in saying so.

While he does not interfere in day-to-day Congress politics, he operates in his own limited sphere and has a band of fellow Brahmins for company whom he consults.

In Madhya Pradesh politics, he was instrumental in bringing down Arjun Singh from the state chief ministership and installing Motilal Vora. They remain close to date. Known to be allergic to Arjun Singh, he has been a bitter opponent of his OBC reservation brand of politics and has been heard saying that he would soon put him right.

But being a member of Sonia Gandhi's coterie has ensured that, after four terms in the Rajya Sabha from Madhya Pradesh, he was given a fifth from Haryana. His son was the legal counsel for Robert Vadra when the latter disowned his family. He will continue to remain relevant as long as the family backs him and as long as leaders continue to be embroiled in matters not strictly of the legal kind. g

PHOTOS.INDIA

Bhardwaj: mum's the word

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nigam prakash

Somewhere over the rainbow

An ex-IFS officer recalls that, in the real world of diplomacy, bluebirds don't really fly

AS a young student of history, I was always interested in travelling and adventure and knowing the cultures of other countries. My father and grandfather were lawyers in Bihar and I was schooled at St Xaviers' in Patna. I came to Delhi in 1959, joining St Stephen's College for BA (Hons) in history. Theatre, radio, TV, acting, directing and occasional writing were my hobbies.

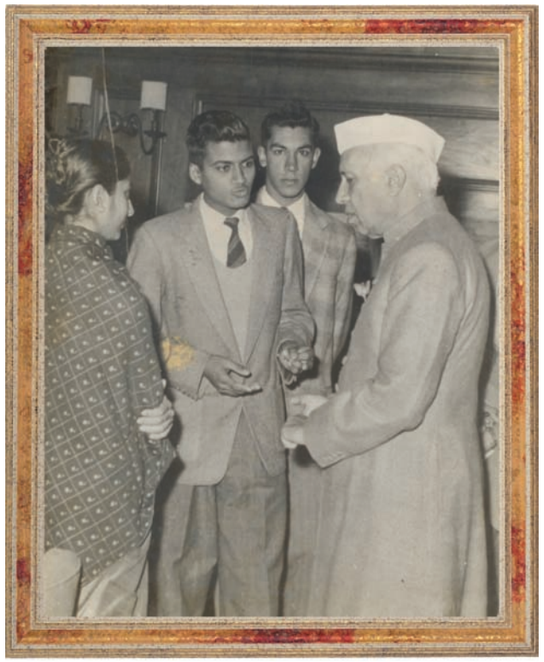
After I completed MA in history in 1964, securing the fourth rank in Delhi University, I taught history and did theatre, radio and TV programmes for two years. We used to do plays with American and British theatre groups as well. We did a wonderful play called *Abraham Lincoln in Illinois* that travelled to Jodhpur and many other cities. I also acted in and directed many plays for Yatrik, a theatre group founded by us. My contemporaries included great theatre personalities like Habib Tanvir, Roshan Seth, Sushma Seth, Kulbhushan Kharbanda, Joy Michael, Kusum Bahl, Salima Raza, Om and Sudha Shivpuri, Kabir Bedi, Amitabh Bachchan, Madhur Jaffrey and many other National School of Drama alumni. I did not know Amitabh very well, but every time we met I would tell him, "*Arre, tum lambe bhi ho aur tumhari awaaz bhi achchi hai.*"

One fine morning my father called me and said that everyone was wondering why I was interested in *nautanki* after higher education. This, alongwith some personal reasons, motivated me to pursue a different career. I had an academic bent of mind and even considered teaching as an option but my father persuaded me to appear for the IAS exam in 1965. I was among the top five. I opted for the Indian Foreign Service and have never regretted that decision although my father wanted me to join the IAS.

I completed my training while serving in Beirut where I learnt Arabic. The Government of India was planning to expand and open embassies in the Persian Gulf as the British were planning to withdraw from the east of Suez. I spent two-and-a-half years in Kuwait, covering the entire Gulf, and over three years in the Ministry of External Affairs looking after the same region.

During that time, the British withdrew their foreign and defence advisers, the United Arab Emirates was formed and India opened embassies in all the Gulf countries. It was an exciting period and I was part of the government's team which facilitated in laying the foundation of the economic and political cooperation between India and the region – the fruits of which are now being harvested. Banks were opened, Indian companies entered the region in a big way, hospitals like Apollo came up in Chennai to treat patients from the region, migrant workers from India began going there in large numbers etc.

I served the Government of India by living and not "lying" abroad for a large portion of my 36 years of service, partly for personal reasons and partly owing to my differences with South



Young Prakash (centre) with Nehru: a world view

Block on a number of administrative and policy issues. I was reluctant to serve in Delhi. The Ministry had increasingly become a travel agency and only worked from day to day. I had seen my colleagues getting frustrated when they were unable to contribute to policy-making and were only asked to implement policies they disagreed with.

A lot of money, effort and time were wasted on useless nonresult-oriented multilateral diplomacy at the cost of profitable and often urgent bilateral diplomacy. Bilateralism, which lies at the heart of successful pursuit of national interest, was ignored. As an envoy of the country abroad, at least I could run my mission the way I wanted and contribute substantially and visibly to building relations and the image of my country. I had the opportunity and satisfaction of doing so despite budgetary constraints imposed by our spending on huge delegations to international conferences. It was difficult not to express my disagreement with all this at times.

I did not entirely agree with our policy of giving so much importance to the Non-Aligned Movement as it did not always suit our national interest or serve it. In the initial days after Independence, we used to look at China as if we were still the British government of India which was clearly expansionist. After Independence, like all inheritors, we should have sat down with our neighbours who had common borders and frankly sorted the borders on a pragmatic basis. We chose not do so and are still suffering the consequences. Ironically, when Chou En-lai said China had border disputes with India, we responded by saying we had none. Was it the right diplomacy on our part to deal with China in such a way?

Circumstances developed after Independence which required an entirely different way of dealing with all our neighbours. But we either ignored them or tried to dominate them or judged them by their attitude towards Pakistan. It would have been wiser to concentrate on solving bilateral issues with each neighbour separately. In fact, even now our borders with almost all our neighbours are not fully delineated – leaving room for conflict.

We were too busy carving out an international role for ourselves. Sometimes I feel we are still doing so – chasing after things like a permanent seat in the UN Security Council. A wiser approach would be to build our country, improve bilateral relations by removing irritants (for instance, give work permits to Bangladeshis) and concentrate on better governance and strengthening the economy. Then the world will ask you to become a member, you won't have to go begging for it.

I consider my years in Lebanon the most fascinating and instructive of my career. In spite of some Palestinian refugees living in Lebanon, the place was free from the Palestine-Israel conflict. Ravi Shankar used to come and play at the American University in Beirut. It was later that the beautiful country suffered some of the most tragic conflicts of the last century. What happened there is a lesson for other countries – how one can be dragged into the conflict of others if one is not careful. Later I served in Iran and got a chance to look at the region from another angle. I was in Teheran during the Iraq-Iran war.

In Congo – then Zaire – where many Indians lived in the interior and traded, some of them told me that it was not possible for them to transfer money through banking channels to India or abroad in general and they resorted to purchasing gold and taking it legally to UK or Switzerland and paying taxes there. They said they would prefer to take it to India if India permitted legal

Money, effort and time were wasted on useless multilateral diplomacy at the cost of profitable and urgent bilateralism

Paris: diplomacy with dreams

entry of gold, and pay taxes there. I mentioned this later to one of our Ministers and was happy to discover that the policy of the government changed to permit this.

In Paris, I had the opportunity to follow developments in the Soviet Union. They were officially and fairly openly prepared for what happened and it was thus that they were able to achieve the disintegration with minimum bloodshed. Another lesson there, especially after the bloody disintegration of Yugoslavia.

France charmed me most. I consider Paris the most beautiful city in the world. The residents think of themselves as Parisians first and keep the city beautiful. Even during World War II they preferred to surrender than allow the city to be destroyed. The quality of sunlight in the city is very good and even the old buildings reflect the sunlight. This is perhaps one reason why painters adore the city so much. If we in India could change the administration of our cities and run them like the French do, we wouldn't have the mess we have now. I once suggested it to an LG of Delhi but he had other preoccupations.

Good public relations skills make a good diplomat. Interest in foreign languages and in the culture of both India and other countries are essential for a successful diplomat. Adaptability and creativity are also essential. An officer who doesn't like to travel or socialize and is not adventurous should not be made a diplomat. Diplomacy requires a positive attitude – solving international problems and reaching an agreement with other countries to mutual advantage is the crux. A diplomat's primary role is to create a conducive environment for the country globally and interact with local people.

My last posting was in Argentina. I observed the financial mismanagement of Argentina from very close quarters. I used to meet editors and the Indian diaspora regularly. Due to lack of proper approach by the Indian government and private sector towards Latin American countries, many opportunities were lost. However, opportunities have a way of returning again and one only has to be ready to take them.

I disagree with the widely-held view that we have been hypnotized by the US at the cost of our old friends. Friendship with the US is not new. Old friends will understand that this friendship is not and will not be at the cost of old friends. If old friends cannot meet your needs at a given moment, if they are true friends they will understand that it is also in their interest that we revive and strengthen this so-called new friendship. And it is the job of our government and our diplomats to convince them of this. g

PIB

Duty from the heart

THE Prime Minister inaugurated the third Civil Services Day on April 21, 2008 in Vigyan Bhawan, New Delhi, with the theme of "Innovation in Administration" . He gave away awards for excellence in public administration for 2006-07 to 13 initiatives in various states, Ministries and organizations:

(a) Category - Individual Initiatives

(1) Trichy Community Policing – Tamil Nadu
Winner – JK Tripathi, IPS, Inspector General of Police, Economic Offences Wing, Tamil Nadu
(2) Changing Face of Thane and Nagpur cities – Maharashtra
Winner – T Chandra Shekhar, IAS, Vice-President & CEO, Maharashtra Housing & Area Development Authority

(b) Category – Team Initiatives

(3) Lokvani – An Effort to Empower the Citizen – Uttar Pradesh
Team: Amod Kumar, IAS, Zohra Chatterjee, IAS, SB Singh, Uma Shankar Singh, Devendra Pande, AP Singh.
(4) Information Technology Audit Initiative – Indian Audit & Accounts Department
Team: Gautam Guha, IA&AS, LS Singh, IA&AS, Rajesh Goel, IA&AS, Neelesh Kumar Sah, IA&AS, Ashutosh Sharma, IA&AS
(5) Effective Management of Protected Areas – Uttarakhand
Team: Jyotsna Sitling, IFS, AK Banerjee, IFS
(6) Unreserved Ticketing System – Ministry of Railways
Team: Vikram Chopra, IRTS, Rajesh Narang, T Venkatasubramanian, IRSME, R Chandrashekar, Raman Bansal, Monica Malhotra, Alok Chaturvedi, IRTS, T Kiran Kumar, Kaustav Mandal, Debashish Ghosh, GJ Jerrie Auric Singh, Kapil Bhagat, Projinesh Biswas, Dileep Mishra, Sandeep Kumar Vats, Ashish Arora, Gaurav D Johari, Nitin Goyal, Pankaj Kumar, Ashish Vishwakarma, Gaurav Jain, Balu Lal Dhaker, Ritesh Lal, Prem Kumar, Mahender J Dubey, Mohd Shahid, Anjani Kumar Malik, Darshan
(7) Rajarshi Sahu Sarvangin Karyakram, Zilla Parishad, Kolhapur – Maharashtra
Team: Deshmukh Prabhakar Krishnaji, IAS, Mane Mahavir Damodar
(8) Radical Improvement in Delhi Government School System – Government of NCT of Delhi
Team: Rajendra Kumar, IAS, Vijay Kumar, IAS, Gitanjali G Kundra, IAS, Ashok Kumar
(9) Extraordinary Performance in Emergent Situation of Earthquake in the State of J&K
Team: BB Vyas, IAS, Basharat Ahmad Dhar, IAS, Bashir Ahmad Runiyal, IAS, Abdul Majid Khanday, KAS, Jai Pal Singh, KAS, Syed Sharief-ud-din, KAS, Mohammad Ramzan Thakur, KAS

(C) Category – Organizations

(10) Innovative Participatory Drinking Water Delivery Approach in Rural Areas of Gujarat by Water & Sanitation Management Organization (WASMO)
(11) Asraya – Destitute Identification, Rehabilitation and Monitoring Project in Kerala by State Poverty Eradication Mission, Kudumbashree
(12) Electronically Deliverable Services (e-Seva) – Government of Andhra Pradesh
(13) Child Tracking System in Orissa by Orissa Primary Education Programme Authority (OPEPA)

Awards comprise a medal, scroll and Rs 1 lakh in the individual initiative category. In the team initiative category, the award money is Rs 5 lakh subject to a maximum of Rs 1 lakh per person. For an organization, it is limited to Rs 5 lakh. g

Lavasascape

by KH MANGLEMBI DEVI

ASHOK LAVASA, a 1980-batch IAS officer of the Haryana cadre, and his wife Novel recently exhibited photographs taken during their 28 years of marriage. Lavasa is currently Principal Secretary, Power in the Haryana government. Novel recently quit her job with the State Bank of India. She now organizes motivational adventure camps for women and has also started organizing their collection of over 20,000 photographs.

The couple crossed Chang La (over 17,000 feet), traversed the rugged terrain near Kargil, visited Pangong lake at 14,500 feet, and travelled the Leh-Manali route to shoot the awe-inspiring landscape. One of the lesser-known images captured by them is the Maitreya Buddha rock sculpture in the Kartse Valley's Kartse-Khar village, which Buddhist missionaries are said to have visited in the 7th-8th centuries. They also visited Rangdum monastery near Penzi La in the Padum Valley and reached the hillock of Zangla on the Padum-Leh road where an ancient nunnery trains little girls to be nuns (*chomu*).

Some of the photographs have caught the incredible range of colours in these otherwise brown mountains. A memorable photo is of the gigantic glacier that transforms into the Zanskar river in the Padum Valley. Scenes of a porter carrying his burden of salvation and an old woman pilgrim in a basket on the way to Yamunotri are particularly moving.

But the most striking shots are of the sun – of its subdued orange glow in Bangaram, Lakshadweep Islands, of its shining resplendence on Bhopal's lake, of its diamond ring as seen from an aircraft near Mount Fuji, of its blazing trail as seen from a moving bus in South Korea, and of the pink, overcast sky behind a swaying tree hiding a fiery sun in Greece's Lemnos Island. Particularly memorable is the photograph titled "Dependable Sun" in which the sun has been ingeniously caught as the third lighted bulb – the Third Eye – juxtaposed over a lamp post with two unlit bulbs. g

birthdays

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For the complete list, see www.indianbuzz.com

TRACKING

For a complete list of appointments & retirements, see www.indianbuzz.com

P RAMAKANTH REDDY
The 1973-batch IAS officer of the Andhra Pradesh cadre is now Chief Secretary.

RS MATHODA
The 1971-batch IRS officer is now Chairman, Central Board of Direct Taxes.

SUSHMA NATH
The 1974-batch IAS officer of the Madhya Pradesh cadre is now Secretary, Department of Expenditure, Ministry of Finance.

KP JAIN
The 1971-batch IPS officer of the Tamil Nadu cadre has been appointed Director General of Police of the state.

VISHWAPATI TRIVEDI
The 1977-batch IAS officer of the Madhya Pradesh cadre is now Additional Secretary and Financial Adviser, Ministry of Home Affairs.

SUKHBIR SINGH
The 1971-batch IRSE officer is now Member Electrical, Railway Board.

RK JAIN
The 1990-batch IAS officer of the Rajasthan cadre is now Secretary, Social Justice & Empowerment in the state.

RAJEEV BANSAL
The 1988-batch IAS officer of the Nagaland cadre is now Joint Secretary in the Ministry of Heavy Industries.

SC TEWARY
The 1984-batch IAS officer of the West Bengal cadre is now Land Reforms Commissioner and Secretary, Land and Land Reforms in the state.

KM ACHARYA
The 1974-batch IAS officer of the Madhya Pradesh cadre is now Secretary, Ministry of Social Justice & Empowerment.

PRADEEP YADAV
The 1992-batch IAS officer of the Tamil Nadu cadre has joined the Government of India as Director, Home.

NAVTEJ SARNA
The 1980-batch IFS officer is the new Ambassador of India to Israel.

RAMESH TIWARI
The 1999-batch IAS officer of the Union Territory cadre has been appointed Additional Commissioner, Municipal Corporation of Delhi.

VN GARG
The 1980-batch IAS officer of the Uttar Pradesh cadre has become Principal Secretary to the Chief Minister of the state.

AM KHAN
The 1979-batch IAS officer of the Maharashtra cadre has been appointed Principal Secretary, Industries in the state.

MANJULIKA GAUTAM
The 1972-batch IAS officer of the Uttar Pradesh cadre is now Member of the Central Administrative Tribunal at Patna.

MN VIDYASHANKAR
The 1982-batch IAS officer of the Karnataka cadre has taken over as Chief Electoral Officer of the state.

SHEO CHANDRA JHA
The 1970-batch IPS officer has been appointed Director General of Police, Bihar.

MAHESHWAR SAHU
The1981-batch IAS officer of the Gujarat cadre is now Managing Director of Gujarat Industrial Development Corporation.

JR ZANANE
The 1985-batch IAS officer of the Madhya Pradesh cadre has joined Makhanlal Chaturvedi University of Journalism as Director (Technical).

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Moving On: ias and ips officers retiring in May 2008

ANDHRA PRADESH
CU Rao (1988)

BIHAR
Krishna N Malik (1993)

HARYANA
Desh Raj Dhingra (1988)

JAMMU & KASHMIR
SM Desalphine (1974)

KERALA
Vinod Rai (1972)

MADHYA PRADESH
Ramniwas Berwa (1974)

ORISSA
Rahas B Nayak (1991)

PUNJAB
Amitabha Pande (1971)

RAJASTHAN
Amarjeet K Ahuja (1972)
Bhagwat P Arya (1974)
MK Surana (1988)

WEST BENGAL
Asok K Patnaik (1971)
SB Mondal (1975)
A Bhattacharya (1987)

SIKKIM
Lobzang Bhutia (1979)

TAMIL NADU
TR Srinivasan (1971)

ips

ANDHRA PRADESH
P Koteswara Rao (1986)

GUJARAT
AI Saiyed (1978)

JAMMU & KASHMIR
Rajan Bakshi (1972)

KARNATAKA
AG Ayachit (1979)

MAHARASHTRA
SM Mushrif (1981)

TAMIL NADU
G Nanchil Kumaran (1976)

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'THE EMPLOYMENT EXCHANGE DOES NOT WORK IN INDIA'
'VENDORS MUST ENTER INTO INTEGRITY PACT WITH MINISTRY OF DEFENCE'
'INDIVIDUAL EMPLOYEES MUST BE HELD ACCOUNTABLE'
'We took advantage of a significant change in international perceptions'
'SHAPE UP OR SHIP OUT IS OUR MANTRA'
'We have grossly neglected natural water bodies'

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STOCK DOCTOR

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Risk-reward ratio favours investors

THE Indian markets corrected due to turmoil in global markets. So the beginning could be said to have involved a foreign hand but the focus has now shifted to domestic issues, more so because of the government's actions in the recent past. The withdrawal of STT benefits under Section 88-E is beginning to show its impact in the form of a tremendous slowdown in the intra-day activity thereby taking a heavy toll on volumes. Trading turnover in cash and derivative markets have fallen by roughly 50 per cent. However, a part of it can be attributed to the general risk aversion due to change in sentiment. But a lot is due to rise in transaction cost as an implication of STT. We should not forget that volumes in the market are the only way to discover realistic price levels. The measure has also put significant pressure on margins of arbitrageurs thereby reducing liquidity at the same time.

Coming to the general economic scenario, the recent IMF projection predicts a dramatic slowdown in investment growth in India. The GDP growth rate is expected to remain well below 8 per cent. This may get accentuated due to the high rate of inflation, much above the comfort level of the Reserve Bank of India. Since the main cause of inflation is raising global commodity prices, the domestic measures may hardly prove effective. The recent hike in CRR by the RBI may not be very successful because the origin of the current inflation lies in increase in food and oil prices. In an economy where growth and prices are pulling in opposite directions, such measures will not increase food supplies or lower the prices of oil.

The RBI is not allowing the rupee to rise as this is a relatively inexpensive measure to deal with inflation. The central bank's attempt to not allow the dollar to decline below the 40 mark shows its concern for exporters. However, other measures may prove costly for the economy since they come at the cost of sacrificing growth rate and are therefore bad for equity markets. This may suggest the compulsions of the government also which in an election year will have to choose between a higher growth rate and lower inflation – the choice obviously is the latter. Inflation, despite all these measures, is likely to remain at 7-8 per cent and due to limited efficacy of fiscal policy measures coupled with additional expenses caused by the farm loan waiver and recommendations of the Pay Commission, the fiscal deficit is likely to burgeon in days to come.

Coming to the corporate sector, the last quarter results for the financial year 2007-08 has not been all that encouraging. Due to rising costs, the margins have come under pressure. Moreover, one of the very significant heads of income – other incomes – for quite a number of companies has either disappeared or actually gone negative. This has occurred due to the exposure a number of companies had in derivative instruments as also their exposure to other investments, including stock markets which have been beaten down in the recent past. The corporate profitability is likely to remain under pressure for some more time, thereby eluding the markets for a positive trigger in the short term.

The valuations have become relatively sensible and the risk-reward ratio appears to be in favour of investors. The leveraged positions have been reduced to minimum and most of the negative news seems to have been discounted. But any further negative news in the domestic as well as global fronts may make the markets correct sharply. But it will be a wise strategy to select fundamentally strong stocks that have corrected sharply with a long-term perspective. Though the IT sector as such may not be recommended but, due to heavy beating it has received in the recent past, the sector has started appearing attractive. Interest-rate sensitive sectors such as banking, real estate, auto etc. may continue to remain under pressure. FMCG and pharma are considered relatively safer bets. Hence, this time I am recommending pharma stocks for investment.

Sanjivani Parenteral (CMP Rs 32)

SANJIVANI PARENTERAL (SP) is a Mumbai-based manufacturer and marketer of generic pharmaceuticals specializing in contract manufacturing of injectibles. SP has products in the antibiotic injectible space (anti-inflammatory, microbial, emetic, allergic and spasmodic) with products like Ceftrimax, Ivimax, Piptaz, Cefepime, C-Bactum, Methylcoblamin and Tranexamic Acid. Its clients include Zydus Cadila, Alkem, and government hospitals.

The company has launched a new product, Sancidal, that is used for bird flu, lassa fever, HIV, Hepatitis B and yellow fever. The product has a worldwide market worth about $3 billion. It has already been launched in the domestic market and negotiations are on with MNCs for the global market. The company has entered into a supply contract with the government of Maharashtra for nine products to more than 100 civil hospitals and medical colleges in the state.

SP is available at just a P/E of less than 4 on its trailing 12 months EPS with a price to book value of just one. The fortunes of the company may undergo a sea change, if Sancidal clicks.

The low promoter stake makes the company an attractive takeover target – *a la* the Orchid affair, and can give a further trigger to its stock price. The stock can be a real multibagger. g

FINANCIALS

	Q3FY08	Q2FY08	Q1FY08	FY07	Q4FY07	Q3FY07	Q2FY07	Q1FY07
Sales	25.0	14.9	19.9	69.3	12.0	21.5	18.9	16.8
Op Profit	2.3	1.3	2.4	8.2	2.0	2.2	1.4	1.8
Margin (%)	9.1%	9.0%	12.0%	11.9%	16.9%	10.1%	7.5%	10.7%
Net Profit	1.4	0.7	1.5	5.2	1.4	1.6	0.9	1.3
Margin (%)	5.5%	4.8%	7.6%	7.6%	12.0%	7.5%	4.7%	7.8%
EPS	2.3	1.2	2.6	8.9	2.4	2.7	1.5	2.2

SHAREHOLDING PATTERN

Promoters – 14%; Tata Mutual Fund – 3.5%; IL&FS Investmart – 2.1%; Sharekhan – 2.7%

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Pawar-play in sugarland

MAHARASHTRA'S rich and powerful sugarcane lobby has had its way. The pro-farmer Chairman of the Commission of Agricultural Costs and Prices (CACP), T Haque, has been forced to quit for refusing to yield to pressure from the lobby. The officer has also opted for voluntary retirement from government service.

Trouble started when Haque recommended an all-time increase of the Minimum Support Price (MSP) of wheat to Rs 850 and Rs 1,000 per quintal for the last and the current year respectively, against heavy odds. Following that, about three months ago, the Chief Ministers of six states had written to Union Agriculture Minister Sharad Pawar requesting that the MSP of rice be brought on a par with that of wheat. The Minister refused. Haque then submitted his recommendation to make the MSP of rice Rs 1,000 for the current kharif season. No decision has been taken on the recommendation.

Meanwhile, Pawar mounted pressure on Haque to reduce the MSP for sugarcane from last year's Rs 81 per quintal. This was obviously in the interest of the sugarcane lobby of his native state, though Pawar claimed it was necessary to rescue sugar mills from closure. Haque steadfastly opposed it on the grounds that the interests of the small and marginal sugarcane farmers should be kept in mind. In his report submitted in the third week of March, he recommended Rs 155 per quintal (inclusive of Rs 30 bonus) as the MSP of sugarcane. Then he resigned.

To undo his recommendations, a non-official CACP member, representing farmers, has been made to state in writing that the report was submitted in a hurry and he did not agree with the recommendations. The truth is that he had signed the report without a murmur of dissent. Sources say the Agriculture Ministry has submitted an affidavit to this effect in a case filed in the Allahabad High Court, Uttar Pradesh.

Patel's double broadside

Now here's a tale of a wily Minister killing two birds with one stone. The day Sanjiv Kumar, a 1988-batch IAS officer of the Union Territory (UT) cadre, took up his new job as Private Secretary to Minister of State for Petroleum and Natural Gas Dinsha Patel, the latter discovered he was a greenhorn. Sandwiched between an assistant who didn't know the ropes and his towering Cabinet Minister, Murli Deora, poor Patel was reduced to a minister only in name. Deora controlled everything, without assigning any significant work to his junior colleague.

However, instead of criticizing Kumar openly, Patel resorted to a Munna Bhai approach to get rid of him. Whenever he met Deora, he praised Kumar for his efficiency, vision and capability to solve the intricate issues confronting the petroleum sector. The strategy paid off. Deora began to think well of Kumar. When his own PS, Dharmendra Sharma , also a 1988-batch UT-cadre officer, joined the Ministry of Home Affairs as Joint Secretary, he immediately took in Kumar.

Kidwai's Mewat lesson

THE Governor of Haryana, AR Kidwai, recently got a glimpse of what bureaucrats face throughout their careers. He has been evidencing considerable concern over the development of Mewat – the most backward region of the Green Revolution state. The region is virtually a stone's throw from the capital of the country but has failed to reap the benefit of any development efforts since Independence. The reason is not far to seek, as His Excellency discovered.

Kidwai has held a number of meetings with senior bureaucrats of the state, including those from the Mewat Development Agency, to frame and implement policies for development. Senior executives of Indian Farmers Fertilizer Cooperative Limited(IFFCO) Foundation also attended. At one such brainstorming meet, an officer asserted that Mewat would never see the light of development regardless of any exercise undertaken. In the same breath, he

ILLUSTRATIONS: ARUNA

added that the region could be developed overnight.

Intrigued, the Governor quickly ended the meeting and then later summoned the officer. The latter repeated his statement, saying that no one from any political dispensation in the state would allow Mewat to develop. If they would, it could be developed overnight – he signed off with a flourish. His weariness and resignation in the face of political will was apparent. g

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